

## THREE DAY RULE VIOLATION POLICY FOR CDBG-INFRASTRUCTURE GRANTEES

Recent project monitorings have revealed an unusually large number of three-day-rule violations in the projects, and to date there has not been a clearly defined policy on handling those violations. Some of the violations are due to local government capacity, with smaller entities having difficulty managing the project financing. Therefore, the policy addresses remedies for three-day-rule violations based on the population of the grantee unit of local government.

Local government grantees are broken out by population in Table 1. The penalties and remedies for three-day-rule violations are as follows:

### Populations <1000:

- **First Violation:** The grantee will be required to write a letter promising not to have a second three-day-rule violation.
- **Second Violation:** If a second violation of the three-day-rule occurs in the same project, then the grantee unit of local government must submit a management plan detailing how another violation will be avoided in the future. The plan must be presented to city council, and approved by the council.
- **Third Violation:** If a third violation of the three-day-rule occurs in the same project, then the next time the grantee applies for CDBG funding, a note will be placed in the Staff Notes section of the spreadsheet presented to the State Water Infrastructure Authority notifying the Authority of the shortcoming, which will be taken into account when the Authority makes their decisions. In addition, the grantee unit of local government must submit a management plan detailing the reasons for the third violation, and a plan to avoid having that violation occurring again.

### Populations 1001-3500:

- **First Violation:** The grantee will be required to write a letter promising not to have a second three-day-rule violation.
- **Second Violation:** If a second violation of the three-day-rule occurs in the same project, then the grantee unit of local government must submit a management plan detailing how another violation will be avoided in the future. The plan must be presented to city council, and approved by the council. In addition, the next time the grantee applies for CDBG funding, a note will be placed in the Staff Notes section of the spreadsheet presented to the State Water Infrastructure Authority notifying the Authority of the

shortcoming, which will be taken into account when the Authority makes their decisions.

- **Third Violation:** If a third violation of the three-day-rule occurs in the same project, then the next time the grantee applies for CDBG funding, a note will be placed in the Staff Notes section of the spreadsheet presented to the State Water Infrastructure Authority notifying the Authority of the shortcoming, which will be taken into account when the Authority makes their decisions. In addition, the grantee unit of local government must submit a management plan detailing the reasons for the third violation, and a plan to avoid having that violation occurring again.

#### **Populations 3501-5000:**

- **First Violation:** The grantee will be required to write a letter promising not to have a second three-day-rule violation.
- **Second Violation:** If a second violation of the three-day-rule occurs in the same project, then the grantee unit of local government must submit a management plan detailing how another violation will be avoided in the future. The plan must be presented to city council, and approved by the council. In addition, the next time the grantee applies for CDBG funding, a note will be placed in the Staff Notes section of the spreadsheet presented to the State Water Infrastructure Authority notifying the Authority of the shortcoming, which will be taken into account when the Authority makes their decisions.
- **Third Violation:** If a third violation of the three-day-rule occurs, the next time the grantee applies for CDBG funding, a note will be placed in the Staff Notes section of the spreadsheet presented to the State Water Infrastructure Authority notifying the Authority of the shortcoming, which will be taken into account when the Authority makes their decisions. In addition, the grantee unit of local government must submit a management plan detailing the reasons for the third violation, and a plan to avoid having that violation occurring again. Also, the Local Government Commission staff will be notified of the issue.

#### **Populations 5001-7500:**

- **First Violation:** The grantee will be required to write a letter promising not to have a second three-day-rule violation.
- **Second Violation:** If a second violation of the three-day-rule occurs in the same project, then the grantee unit of local government must submit a management plan detailing how another violation will be avoided in the future. The plan must be presented to city

council, and approved by the council. In addition, the next time the grantee applies for CDBG funding, a note will be placed in the Staff Notes section of the spreadsheet presented to the State Water Infrastructure Authority notifying the Authority of the shortcoming, which will be taken into account when the Authority makes their decisions.

- **Third Violation:** The next time the grantee applies for CDBG funding, a note will be placed in the Staff Notes section of the spreadsheet presented to the State Water Infrastructure Authority notifying the Authority of the shortcoming, which will be taken into account when the Authority makes their decisions. The local government entity will go on reimbursement for all administrative costs. No more advanced payment of admin costs. The Local Government Commission staff will be contacted.

#### **Populations 7501-10,000+:**

- **First Violation:** The grantee will be required to write a letter promising not to have a second three-day-rule violation.
- **Second Violation:** If a second violation of the three-day-rule occurs in the same project, then the grantee unit of local government must submit a management plan detailing how another violation will be avoided in the future. The plan must be presented to city council, and approved by the council. In addition, the next time the grantee applies for CDBG funding, a note will be placed in the Staff Notes section of the spreadsheet presented to the State Water Infrastructure Authority notifying the Authority of the shortcomings, which will be taken into account when the Authority makes their decisions.
- **Third Violation:** The next time the grantee applies for CDBG funding, a note will be placed in the Staff Notes section of the spreadsheet presented to the State Water Infrastructure Authority notifying the Authority of the shortcomings, which will be taken into account when the Authority makes their decisions. The local government entity shall go on reimbursement for all project costs. No more advanced payments. The Local Government Commission will be contacted.

**Should a local government entity have a fourth violation of the three-day-rule, CDBG funds will be deobligated from the local government entity, and all expended funds will be required to be paid back to DEQ within three years.**

**This policy takes effect January 1, 2019. All three-day-rule violators in 2018 monitorings, regardless of the number of violations, shall start at the penalty level of Violation 2, should another three-day-rule violation occur.**

NC Division of Water Infrastructure